

Serial No. 09/971,172  
 Reply to Office Action of February 26, 2004

### REMARKS

Responsive to the Office Action mailed February 26, 2004, Applicants have studied the Examiner's comments and the cited art. Claims 1-8 are currently pending. After the amendment, claims 1-8 remain pending. In view of the following remarks, Applicants respectfully submit that the application is in condition for allowance.

#### Amendments

Applicants have amended paragraph 34 of the Specification to correct a typographical error. The amendment does not add new matter.

Applicants have amended claim to resolve a grammatical issue discovered during Applicants review of the claims. The amendment does not change the scope of the claim.

Applicants have amended claim 8 to clarify that the first implied spread order is non-tradable.

#### Claim Rejections Under 35 U.S.C. § 101

Claims 1-8 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. The Office Action cites an unpublished decision by the Board of Patent Appeals and Interferences to the effect that a method not tied to any technological art "is not a useful art as contemplated by the constitution."<sup>1</sup> The Office Action further asserts that the reference to "computer-implemented" in the preamble is insufficient to tie the body of the claim to the technological arts. Specifically, the Office Action asserts that claims 1-8 "are directed merely to human [sic] making mental computations and manually plotting results on paper . . ."<sup>2</sup> Applicants respectfully traverse the rejections.

Applicants disclosure and claims nowhere suggest "plotting results on paper," which appears to be a reference to the methods claimed in *Bowman*, which recited a method for plotting a point on a chart.<sup>3</sup> Instead, Applicants' claimed subject matter recites "storing" a first and a second spread order, which suggests a memory device, rather than human mental computation. Unlike in *Bowman*, Applicants' specification and, indeed, the preamble of claim 1 are not "silent as to the need for any apparatus to carry out the claimed process or to make the ultimate decision regarding [the first implied spread order]."<sup>4</sup> Further, the Office Action does not assert, as in *Bowman*, "neither the specification nor the claims discuss the use of any technology with respect to the claimed invention."<sup>5</sup> Instead, the specification and the preamble, as well as the claims previously withdrawn as a result of a restriction requirement in this application, expressly speak to a computer-related apparatus for carrying out the claimed process, in addition to the technological arts implications of "storing" and "generating."

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<sup>1</sup> Paper 8, para. 2, (citing *Ex parte Bowman*, 61 U.S.P.Q. 2d (BNA) 1669, 1671 (Bd. Pat. App. & Inter. 2001) (Unpublished)).

<sup>2</sup> Paper 8, para. 2.

<sup>3</sup> *Bowman*, 61 U.S.P.Q. 2d at 1671.

<sup>4</sup> *Bowman*, 61 U.S.P.Q. 2d at 1673 (concurring opinion).

<sup>5</sup> *Id.* at 1671.

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According to "The Examination Guidelines for Computer-Related Inventions" as published by the Office in 1996, which "clarify the Office's position on certain patentability standards related to this field of technology,"<sup>6</sup> "An invention that has a practical application in the technological arts satisfies the utility requirement."<sup>7</sup> Furthermore, the Guidelines state

Office personnel should therefore focus their efforts on pointing out statements made in the specification that identify all practical applications for the invention. Office personnel should rely on such statements throughout the examination when assessing the invention for compliance with all statutory criteria.<sup>8</sup>

Unlike in *Bowman*, a review of Applicants' specification clearly indicates a practical application in the computer-related technological arts for Applicants' claimed subject matter. The Board in *Bowman* emphasized that the invention before them "as disclosed and claimed" did not fall within the definition of technological arts,<sup>9</sup> noting that Bowman has "carefully avoided tying the disclosed and claimed invention to any technological art or environment."<sup>10</sup> Applicants' disclosure is, therefore, distinguishable from that of Bowman, because it clearly discloses that the invention relates to the computer arts. Therefore, Applicants' claimed subject matter falls within the definition of the technological arts, even in light of the non-precedential decision by the Board in *Bowman*. For these reasons, Applicants respectfully request withdrawal of the rejections.

**Claim Rejections Under 35 U.S.C. § 112, second paragraph**

Claim 8 is rejected under 35 U.S.C. § 112, second paragraph as indefinite on the grounds that the term "bridge spread order" is vague and unclear. Applicants have amended claim 8 to replace the term "bridge spread order" with "non-tradable implied spread order." Such non-tradable implied spread orders are used as "bridges" to other implied spread orders.<sup>11</sup> For these reasons, Applicants respectfully request withdrawal of the rejections.

**Claim Rejections Under 35 U.S.C. § 103**

Claims 1-8 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Nieboer et al, U.S. Patent No. 6,418,419. Applicants respectfully traverse the rejections.

With respect to claim 1, the Office Action takes Official Notice "that spread orders are old and well known in the art, especially in the area of derivatives trading." Applicants agree that spread orders are well known in the art. However, the mere teaching of matching trades by Nieboer, even if those trades are considered to be spread orders, does not teach or suggest Applicants' claimed subject matter.

<sup>6</sup> "The Examination Guidelines for Computer-Related Inventions," p. 5 (1996).

<sup>7</sup> *Id.* at 7.

<sup>8</sup> *Id.*

<sup>9</sup> *Bowman*, 61 U.S.P.Q. 2d at 1671 (emphasis in original).

<sup>10</sup> *Id.*

<sup>11</sup> See, e.g., Specification, paras. [0011] and [0036]-[0038].

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First, Nieboer fails to teach or suggest storing a second spread order of a different order type than a first spread order and having a common and offsetting leg with the first spread order, as in Applicants' claimed subject matter. Second, Nieboer fails to teach or suggest generation of an implied spread order based on the first and second spread orders.

Although Nieboer proposes matching or comparing orders with other orders, Nieboer fails to teach or suggest matching a second spread order "having a common and offsetting leg" with a first spread order for the purposes of generating another order. Rather, Nieboer at best suggests matching and executing orders that "intersect," without any express definition of that term. The examples provided by Nieboer suggest that such a matching technique matches orders that offer to "purchase security A and sell security B" with offers to sell security A and buy security B, such that both sides of Nieboer's conditional or "versus" offers can be executed.

As noted in Applicants' Specification, a spread order is defined as

the simultaneous purchase and sales of futures contracts for different months, different commodities, or different grades or the same commodity. Each bid and offer component of a spread is termed a bid leg and an offer leg, respectively. A spread order is not executed until both the legs are satisfied.<sup>12</sup>

Thus, when Nieboer recites that the proposed system includes "methods by which the system will match buy and sell order and attempt to use other markets to effect the execution of transactions,"<sup>13</sup> Nieboer fails to consider matching orders where, for example, only a single "common and offsetting leg" exists.

In addition, Nieboer fails to teach or suggest matching orders of a different type, which must mean something more than matching a buy with a sell. Examples of orders of different types are spread orders for the same commodity with bid and offer components in different months and spread orders for different commodities in the same month, both of which Applicants discloses as types of spread orders.<sup>14</sup> Nieboer nowhere suggests that such orders can be matched. Indeed, Nieboer fails to teach or suggest any specific matching technique, much less Applicants' technique.

Second, Nieboer fails to teach or suggest generating implied orders based on other orders, much less implied spread orders. Nieboer is directed to methods to match and then execute matched orders,<sup>15</sup> rather than generate a new implied order from those matched orders.

For at least these reasons, Applicants respectfully request withdrawal of the rejections.

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<sup>12</sup> Specification, para. [0009].

<sup>13</sup> Abstract.

<sup>14</sup> See, e.g., Specification, para. [0009].

<sup>15</sup> Abstract.

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Claims 2-8 depend from allowable claim 1 and are therefore also allowable. For at least this reason, Applicants respectfully request withdrawal of the rejections.

Furthermore, with respect to claim 2, as shown above, Nieboer fails to teach or suggest generation of a first implied spread order based on the first and second spread orders. Nieboer therefore also fails to teach or suggest generation of a second implied spread order based on a third spread order and the first implied spread order, even if spread orders are well known in general, which Applicants do not deny. For these additional reasons, Applicants respectfully request withdrawal of the rejections.

With respect to claims 6 and 7, the Office Action asserts that Nieboer's recitation of using an algorithm to compare and match orders is interpreted to include the steps recited in Applicants' claims. There are numerous algorithms that can be used to match trades. Merely reciting the use of an algorithm to match trades does not teach or suggest every specific matching technique, and in particular does not suggest Applicants multi-step implied order matching technique.

With respect to claim 6, Nieboer recites matching two orders in order to execute them, as shown above. Nieboer nowhere teaches or suggests generation of a first implied order, which is then used to generate a second implied order, which is then compared with other orders, as in claim 6. For these additional reasons, Applicants respectfully request withdrawal of the rejection.

With respect to claim 7, because Nieboer is directed to matching real and not implied orders, where two intersecting orders are matched, Nieboer fails to teach generating real trade information from the first, second, and third spread orders after matching a second implied spread order. For these additional reasons, Applicants respectfully request withdrawal of the rejection.

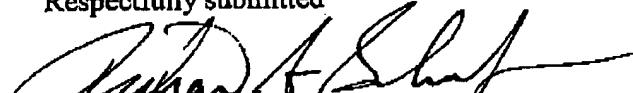
With respect to claim 8, Nieboer fails to teach or suggest non-tradable orders, much less generation of non-tradable implied spread orders. For this additional reason, Applicants respectfully request withdrawal of the rejections.

### CONCLUSION

Applicants respectfully submit that all issues and rejections have been adequately addressed, that all claims are allowable, and that the case should be advanced to issuance.

If the Examiner has any questions or wishes to discuss the claims, Applicants encourage the Examiner to call the undersigned at the telephone number indicated below.

Respectfully submitted



Richard A. Schafer, Reg. No. 45,078

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